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FINANCE COMMITTEE

Hundred and Eighty-fifth Session

22 -26 March 2021

FAO Oversight Advisory Committee - 2020 Annual Report

Queries on the substantive content of this document may be addressed to:

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EXECUTIVE SUMMARY

The Oversight Advisory Committee (OAC):

- welcomes the Director-General's support of the work of the Committee and appreciates his continued cooperation with Members and his availability at all meetings in 2020 to inform on developments and challenges facing the Organization, and be briefed on the outcomes of the Committee's discussions
- commends the actions taken by FAO in improving its emergency and alert systems and ensuring effective business continuity and personnel safety during the COVID-19 pandemic
- welcomes the Director-General's continued commitment to effectively communicating "tone at the top" and his efforts to enhance transparency
- is pleased to confirm assurance of full independence of the Office of Inspector General (OIG) in audit and investigation functions, and appreciates the Director-General's commitment to ensuring adequate financial support to OIG as necessary, and welcomes continued collaboration with OSP in this regard
- concludes positively on the operations of OIG and its coordination with other oversight functions, and encourages further opportunities for strengthened collaboration with the Office of Evaluation (OED)
- welcomes approval of the revised Charter of the Office of the Inspector General
- reiterates the importance of FAO's furthering discussion within the UN system on how to address allegations of misconduct against an Executive Head of the Organization
- notes positive developments in the ethics and ombudsman functions
- welcomes progress in the areas of internal control and risk management
- welcomes the External Auditor's issuance of an unmodified opinion on the 2019 Financial Statement, and looks forward to close collaboration with the new External Auditor (EAUD)
- notes with appreciation FAO management's efforts and progress in addressing oversight recommendations, and encourages continued progress in reducing the high number of outstanding internal audit recommendations including through potential streamlining by OIG.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

The Finance Committee is invited to take note of the FAO Oversight Advisory Committee's Annual Report for 2020.

Draft Advice

The Finance Committee took note of FAO Oversight Advisory Committee's Annual Report for 2020 and:

- a) acknowledged the important role of the Committee in providing independent assurance and advice in the mandated areas under its Terms of Reference;**
- b) welcomed the Report, which included positive conclusions on the Organization's oversight; as well as the operation of the Office of the Inspector General and relevant advice in relation to FAO's system of internal control, risk management and governance;**
- c) expressed satisfaction with the Committee's advice in the areas under its mandate;**
- d) appreciated the progress in implementing and streamlining the Committee's recommendations and looked forward to a further status report from management at the next regular session of the Finance Committee in November 2021.**

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Introduction

1. The Oversight Advisory Committee (OAC) is pleased to provide its 2020 annual report. This report is structured following the Committee's Terms of Reference as endorsed by the Council at its 165th Session in November-December 2020,¹ and included in FAO Manual Section 146 *Appendix C*. The Committee expresses its appreciation for the establishment of a dedicated [OAC webpage](#) on FAO's home page.
2. This eighteenth Oversight Advisory Committee Annual Report provides an overview of the Committee's work, observations, advice and recommendations formulated during the reporting period, for consideration by the Director-General and the Finance Committee.
3. The Committee held a two-day meeting in February at FAO headquarters, and virtual meetings in July and November 2020 each of the duration of three half-days.
4. The Committee appreciated the regular updates and information received, and the candid and constructive discussions that ensued on external developments affecting the work of the FAO, as well as on matters affecting efficiency and effectiveness of key business activities. It appreciated direct engagements with the Director-General and welcomed his open invitation to reach out to him at any point in time.
5. The Committee acknowledges with thanks the cooperation and assistance received from the Director-General and Core Leadership, the Inspector General *ad interim* and the new Inspector General, the Ethics Officer and Officer-in-Charge, the Ombudsperson, the Directors of Evaluation, Human Resources, Finance, IT Services and Statistics, other FAO staff, and the External Auditors (Philippines and India) during its meetings in 2020. The Committee also commends the OAC Secretariat for its effective support of the scheduled meetings, and throughout 2020.
6. Mr Verasak Liengsriwat chaired the Committee at its 54th meeting in February 2020. The Chairpersonship and Vice-Chairpersonship were assumed by Mr Fayezul Choudhury and Ms Anjana Das respectively, from the July 2020 meeting. Two new Members, Ms Malika Ait-Mohamed Parent and Ms Hilary Wild, joined the Committee as of July 2020.² The composition of the Committee during 2020 is provided in *Annex 1*.

¹ CL 165/REP paragraph 26.a)

² CL 164/REP paragraph 19.j)

I. Key messages and summary of conclusions from the Oversight Advisory Committee's work in 2020

7. Key messages and summary of conclusions from the Committee's work during 2020 are provided below, and more detailed information in later *Sections* of this Report.

8. The Committee:
- a) was pleased with the “tone at the top” set by the Director-General and his commitment to making FAO more dynamic, transparent and inclusive, improving efficiency and effectiveness, reconfirming the zero-tolerance policy against fraud and corrupt practices, and ensuring OIG's independence in audit and investigation functions
 - b) commended FAO for promptly activating its Business Continuity Plan and ensuring the Organization's effective delivery of its programme and safety of personnel during the COVID-19 pandemic
 - c) supported the Organizational reforms and welcomed the Director-General's objective of breaking down silos and moving to a more agile and streamlined ‘modular’ management approach, and looked forward to the assessment of the results and impact of such reforms in due course
 - d) welcomed the outline of the new Strategic Framework and was impressed with the way the multidimensional work of FAO was being incorporated into the Framework and the 2030 Agenda and SDGs were placed at its centre
 - e) welcomed the External Auditor's issuance of an unmodified opinion on the 2019 Financial Statements, and looked forward to effective collaboration with the new External Auditor during the course of financial reporting processes
 - f) commended FAO for the continued efforts in the implementation rate and monitoring of internal and external audit recommendations, but noted the continued high number of open internal audit recommendations and encouraged OIG to review them to ensure continued relevance and validity
 - g) concluded that the Office of the Inspector General is delivering its services adequately and effectively and in full independence of operations
 - h) appreciated the Director-General's commitment to ensuring adequate financial support to OIG, as necessary, and continued collaboration with OSP in this regard
 - i) drew management attention to high risks and critical observations made in some of the audit reports issued during 2020 and reaffirmed its support for the Director-General's proposal to facilitate biannual presentations by the Inspector General to the Core Leadership on findings, commonalities and lessons learned
 - j) commended the progress made on the Internal Control Framework, the Statement of Internal Control (SIC), risk management and risk appetite, and recommended to establish a high-level ‘Risk Committee’ as a guiding mechanism to assess and respond to key risk areas and strengthen accountability and visibility to the risk management function
 - k) welcomed the Human Resources Strategic Action Plan 2020-21 having sound foundational principles, while remaining concerned with the potential overambitious expectations of the Plan, and looks forward to reviewing progress during its implementation
 - l) appreciated the efforts in improving FAO's corporate policies, processes and measures on the prevention of harassment, sexual harassment and authority abuse, and on the prevention of sexual exploitation and abuse and agreed to further review coordination of activities and accountability within FAO in this regard
 - m) noted the potential impact of the economic outlook on voluntary contributions from donors, and encouraged FAO's close monitoring, especially for the year 2021

- n) welcomed progress in the Ethics and Ombudsman functions following the recruitment of the new Officers
- o) welcomed progress in the areas of internal control and risk management
- p) welcomed approval of the revised Charter of the Office of the Inspector General
- q) reiterated the importance of FAO's furthering discussion within the UN system on how to address allegations of misconduct against an Executive Head of the Organization
- r) welcomed approval of its revised Terms of Reference, as submitted by the OAC

II. Functioning of the Committee

Functions and responsibilities

9. During the summer of 2020, the Committee reviewed its Terms of Reference, both in response to the Finance Committee's request at its 180th Session to include the recruitment process for OAC Members, as well as to the Committee's own Terms of Reference Article 11 which provides for "*Periodic Review of the Terms of Reference*".

10. The OAC undertook the review exercise with discussion initiated at its 55th (27-29 July 2020) virtual meeting, ensued by a comprehensive examination and analysis, including for benchmarking and recommendations provided in the Joint Inspection Unit (JIU) report on UN System Audit and Oversight Committee.³ The Terms of Reference were submitted to the Finance Committee at its 183rd Session (November 2020)⁴ and approved by FAO Council at its 165th Session in November-December 2020.⁵

2020 Workplan

11. The Committee is pleased to report that it has successfully discharged its duties in accordance with the Terms of Reference and fully achieved its workplan for 2020.

12. The Committee continued to provide independent advice to the Director-General and the Finance Committee on the internal control arrangements, risk management processes, financial reporting and internal audit, investigation and ethics functions of the Organization, through comprehensive review of the work of the Office of the Inspector General (OIG), Ethics and Ombudsman Offices, other FAO oversight functions (Evaluation and External Audit), and management actions on OIG recommendations and investigation reports.

13. As per best practice, the Committee held at each meeting private sessions with the Inspector General (and Inspector General *ad interim*), the Ethics Officer (and Ethics Officer-in-Charge), and the Ombudsperson (at its November meeting). A private meeting with the External Auditor was held at its 54th meeting in February 2020.

14. The Committee has presented after each meeting letters to the Director-General and Chairperson of the Finance Committee on the main outcomes of its discussions, and appreciates the Director-General's prompt response to the Committee's observations.

15. The Committee discussed the scope and manner in which it discharges its responsibilities with a view to enhancing its effectiveness and ensuring it remained fit-for-purpose. A number of measures were considered, including on modalities to organize meetings (also virtual) and receiving structured feedback on its performance from major stakeholders.

16. On the matter of assessment of the Committee's performance, it noted ongoing discussion within the UN system Oversight Committees on carrying out periodic independent external

³ JIU/REP/2019/6 *Review of audit and oversight committees in the United Nations system*

⁴ FC 183/7

⁵ CL 165/REP paragraph 26.a)

assessments and/or peer reviews, and will further discuss the suitable approach during the course of 2021-22.

2020 Thematic reviews and ad hoc guidance

17. In view of time limitations of the virtual-meeting modality, the Committee agreed to defer the analysis of thematic topics to dedicated meetings in-between sessions.
18. In 2020, in addition to standing items on its Agenda, the Committee provided ad hoc guidance on the following matters:
- OIG Charter
 - Organizational reforms
 - Hand-in-Hand Initiative (HIHI)
 - Outline of FAO's new Strategic Framework
 - Impact of COVID-19 and FAO's Business Continuity Plan
 - OAC Terms of Reference
 - Ethics Office Terms of Reference
 - Human Resources Strategic Action Plan 2020-21
 - International Platform for Digital Food and Agriculture
 - Overall presentation on digital transformation and cybersecurity
 - Changes in the travel policy
19. The Committee welcomed the Organizational reforms and the Director-General's objective of breaking down silos and moving to a more agile and streamlined 'modular' management approach, and looked forward to the assessment of the results and impact of the reforms to be undertaken after a period of settling in of the new arrangements.
20. The Committee also welcomed the creation of a dedicated Office of Sustainable Development Goals to accelerate and facilitate the coordination of work to achieve the Agenda 2030 and noted with interest the Hand-in-Hand Initiative. On the latter, the Committee raised attention to the need to protect its wealth of data from cybersecurity attacks.
21. The Committee also appreciated the establishment of the Youth and Women Committees and the Innovation seminars' series, and also welcomed the creation of the International Platform for Digital Food and Agriculture to close the gap on digital agriculture, while remaining mindful of the need to protect from cyber attacks.
22. The Committee welcomed the Outline of the Strategic Framework and was impressed with the way that the many dimensions of FAO's work were being incorporated into the Framework. The Committee was very supportive of the broad and holistic vision that was being reflected in the strategic narrative with the 2030 Agenda and SDGs at its centre. It recommended in the further development of the Framework to allow for careful analysis of risks and unknown variables.
23. The Committee's former Chairperson participated in the selection process for the new Inspector General, and Committee Members were consulted on the proposed candidate for selection.⁶

III. Accounting and financial reporting policies

24. During 2020, the Committee received briefings on the Financial Statements and reporting, the Organization's liquidity position, its investment strategy and portfolio management, continued compliance with the International Public Sector Accounting Standards (IPSAS), improvements in administrative and financial systems, and monitoring of financial controls in decentralized offices.
25. The Committee took note of the overall financial position for the current period and uncertainties for the next biennium given the global economic outlook, and invited FAO to continue close monitoring of voluntary contributions in 2021.

⁶ FC 18/13 Rev.1

26. The Committee also discussed the issue of After Service Medical Coverage (ASMC) and significant related accumulated deficit and modality for recording it under IPSAS, and noted developments in the travel management policy, including for impact of reduced travel.

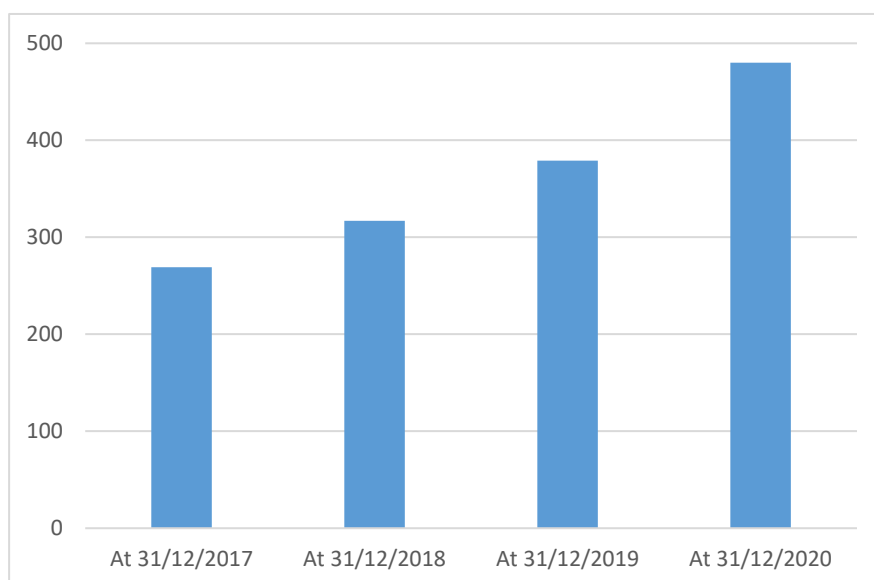
IV. Internal control and risk management

Internal audit recommendations

27. OIG continued to monitor implementation of outstanding audit recommendations/Agreed Actions. As at 31 December 2020, there were 480 outstanding agreed actions,⁷ a 25 percent increase over 2019. The OAC noted OIG attributes this increase due to a low implementation rate during the year, mainly related to higher priorities for the Organization in response to the COVID-19 pandemic.⁸

28. The OAC received confirmation that OIG had reviewed the recommendations to ensure continued relevance and streamlining. The OAC recommended the following: that outstanding recommendations be grouped in clusters with a view to facilitate group implementation wherever possible; and that OIG and management make parallel efforts to clear audit recommendations to ensure that related items are dealt with in a coordinated manner, addressing root causes so as to ensure that improvements are systemic and durable.

Figure 1: Number of internal audit outstanding recommendations



29. The Committee reiterated its concern on the outcomes of several audits of FAO's country offices and persistent commonalities suggesting potential structural problems. In this regard, it looked forward to the results of the audit of country offices' capacity. It also confirmed its interest in the Inspector General's delivery of biannual briefings to the Core Leadership on lessons learned, as suggested by the Director-General.

External Audit recommendations

30. The Committee had an introductory meeting with the new External Auditor. It noted the additional challenges in remote auditing and consequent potential issues in incompleteness and integrity of documentation available for audits. Moving forward, it recommended the need for adequate training of auditors in remote audit techniques and technology and adoption of additional control points. The Committee also discussed the criteria used for the selection of countries as part of the annual audit.

⁷ FC 185/13.1

⁸ OIG data at 31 January 2020

31. In view of the limited time during the virtual meeting, the Committee held a dedicated meeting with the External Auditor in early January 2021 where it reviewed and commended EAUD's work plan, and encouraged greater engagement with senior management at the planning stage.

32. In 2020, the Committee continued to review the external audit long form report and their management letters including the recommendations made therein, and discussed planned transition modalities from the current to the incoming External Auditor.

33. The Committee noted the report on implementation of external audit recommendations for the period 2014-2019 as submitted to the Finance Committee at its 183rd Session (November 2020).

Table 1: Status of implementation of implementation of external audit recommendations⁹

| Audit Report* | Total recommendations | Outstanding at previous reporting | Closed since previous reporting | Outstanding at November 2019 |
|-----------------------|-----------------------|-----------------------------------|---------------------------------|------------------------------|
| Long Form Report 2014 | 26 | 2 | 1 | 1 |
| Long Form Report 2016 | 19 | 1 | 0 | 1 |
| Long Form Report 2017 | 29 | 6 | 1 | 5 |
| Long Form Report 2018 | 41 | 41 | 23 | 18 |
| Total | 115 | 50 | 25 | 25 |

*Reports are not listed when all recommendations have been previously closed (Long Form Reports for 2012-13 and 2015).

Internal control policies and risk management

34. The Committee appreciated the Organization's continuing efforts to emphasize accountability for the timely implementation of agreed actions and audit recommendations to better manage the Organization's risks and enhance its operation, and welcomed the progress in these areas, and looked forward to further progress. It recommended the establishment of an internal "Risk Committee" to enhance visibility and signal senior management's support to promoting a sound risk culture, risk appetite and maturity within the Organization.

35. The OAC welcomed plans for inclusion of risk in the Strategic Framework 2022-31 and Medium Term Plan 2022-25. On the Internal Control Questionnaires, the Committee was pleased to learn of good collaboration and sharing of information with external and internal audit, and recommended further steps toward reaching combined assurance.

Human resources management

36. The Committee appreciated the extensive work in the Human Resources Division to produce guidelines and procedures for remote working during the COVID-19 pandemic, including solutions to minimize impact on staff in critical countries, provide support to managers in dealing with staff, including for assessment of performance under extraordinary circumstances, and measures to provide support and counselling for managing mental stress. It also commended the instrumental support of IT Services in developing digital solutions and lessons learned to feed into building a 'new normal'.

37. The Committee reviewed the draft Human Resources Strategic Action Plan 2020-21 and provided specific guidance. It was pleased to note that some of its guidance had been taken into consideration in finalizing the Plan. The OAC assessed the Plan as having sound foundational principles, but remained concerned with possible overambitious expectations, and agreed to continue to monitor progress during its implementation.

Evaluation

38. The Committee held a session with the Office of Evaluation (OED) and discussed OED evaluation reports issued and the evaluation workplan. In a joint meeting with the Director of Evaluation and the Inspector General *ad interim*, the OAC appreciated the complementarity and

⁹ FC 183/8.1 Progress Report on Implementation of the External Auditor's Recommendations

collaboration of the two Offices, and encouraged them to identify further opportunities to strengthen collaboration, *inter alia* through piloting joint assignments and performing assignments within a closer timeframe so as to maximize synergies.

39. The Committee also recommended that in future evaluation documents submitted to the Programme Committee, the nature and impact of collaboration between OED and OIG be fully elaborated to enhance the Programme Committee's understanding of efforts in this area.

V. FAO's policies and actions to combat fraudulent, corrupt and collusive practices

FAO's Policy against fraud and other corrupt practices

40. The Committee was satisfied with progress in the implementation of FAO's Policy against fraud and other corrupt practices. It welcomed FAO's "tone-at-the-top" reconfirmed by the message to staff on the occasion of the Anti-Corruption Day on 9 December, and the Director-General's repeated communications to all staff and the membership.

41. The Committee noted in the discussion of a number of audits of country offices, often with limitations in local capacity, the challenging environment to implement effective internal control, risk, anti-fraud and compliance regimes. It therefore stressed the need for continued vigilance in the design, implementation and monitoring of policies and procedures, including embedding cybersecurity measures in FAO's ERP systems. The Committee will further review this area in 2021.

Vendor sanctioning

42. The Committee expressed concern with the delay in the application of sanctions to vendors following issuance of OIG reports and agreed to have an in-depth review of vendor sanctioning and the role of the Vendor Sanction Committee in 2021.

Whistleblower Protection Policy

43. The Committee took note of the Ethics Officer report on the Whistleblower Protection Policy for 2020 and appreciated good collaboration with OIG on developing relevant Standard Operating Procedures.

VI. Ethics and Ombudsman Offices

Functions and responsibilities

44. The Committee was pleased to review the draft Terms of Reference for the Ethics Office. It looks forward to reviewing Terms of Reference for the Ombudsman Office in early 2021 and welcomes the Director-General's invitation for the OAC to advise on best practices and benchmarks for the ombudsman function.

45. The Committee noted a perceived lack of Organization-wide understanding of the distinction between the ethics and ombudsman functions and welcomed the Ethics Officer and Ombudsperson collaboration in disseminating information and in the delivery of a dedicated training course in this regard.

46. The Committee welcomed comprehensive presentations received by the Ethics Officer and Ombudsperson,¹⁰ including on resources available, and appreciated the work done since their arrival. The OAC noted developments in their respective areas of work, and welcomed the open communication and coordination that had been developed between the two functions.

47. The OAC welcomed the issuance of the Administrative Circular on *Declaration of interest and financial disclosure programme*,¹¹ and noted progress in the review of the gift policy and development of the Code of Conduct for Ethics. The Committee was pleased to learn of the delivery of the training workshop on *Leading Ethically at FAO* to all staff at P5 and above levels.

¹⁰ In full respect of the confidentiality of the work of the Ombudsman Office which cannot be disclosed.

¹¹ AC2020/04

Adequacy of resources

48. The Committee noted the large volume of work, which is foreseen to increase, of the Ethics and Ombudsman Offices within limited resources, and will continue to monitor the adequacy of resources.

Prevention of harassment, sexual harassment, , and authority abuse and prevention of sexual exploitation and abuse

49. The Committee welcomed FAO's efforts in the application of policies, processes and measures for the prevention of harassment, sexual harassment, and authority abuse and for the prevention of sexual exploitation and abuse, and welcomed the Director-General's total commitment to combat all forms of harassment, sexual harassment, discrimination, abuse of authority, and sexual exploitation especially in delivering FAO's mandate in the field.

50. It also noted FAO's efforts to reinforce a culture of prevention, improve awareness-raising activities and guarantee a victim-centred approach, and welcomed the establishment of an internal *Task Force on the Prevention of Sexual Harassment and Prevention of Sexual Exploitation and Abuse* chaired at the Deputy Director-General level. The Committee however felt that an appropriate Organizational locus within FAO for placing the coordination of activities and accountability needed further reflection.

Financial Disclosure Programme (FDP)

51. The Committee was pleased to be informed of high compliance rate for the FDP exercise in 2020, and relatively low appearance of possible conflicts and zero actual conflicts of interests found.

VII. Effectiveness of OIG functions

52. The Committee is pleased to confirm the effectiveness of the internal audit, inspection and investigation functions, and deems that OIG is delivering its services adequately and effectively.

53. In 2020, the Committee thoroughly reviewed: (i) 28 Audit reports; (ii) quarterly OIG activity reports; (iii) the 2020 and 2020-21 workplans, including updates and repurposed workplans also in consideration of impact of COVID-19 on activities; and (iv) the draft revised Charter for the Office of the Inspector General. It also reviewed the methodology for fact verification of Internal Control Questionnaires, and confirmed its validity.

54. The Committee, while recognizing the difficult conditions of several country offices, was concerned with the outcomes of audits in these offices. It noted that for most countries where internal controls are unsatisfactory or needed major improvement, there were systematic structural capacity issues, and was pleased OIG agreed to carry out a review of capacity in country offices, as recommended by the OAC.

55. The Committee drew management attention to high risks and critical observations made in some of the audit reports issued during 2020 and reiterated its support for the Director-General's proposal to facilitate biannual presentations by the Inspector General to the Core Leadership on findings, commonalities and lessons learned.

Independence of OIG

56. The Committee was reassured at all its meetings in 2020 of full independence in audit and investigation functions and freedom from any undue interference.

Charter for the Office of the Inspector General

57. The Committee reviewed and provided input to the revised Charter for the Office of the Inspector General¹² which was approved by the Finance Committee at its 180th session (June 2020). The Committee was pleased to confirm that the revised Charter follows best practice.

¹² FC 180/12; FC 180/12 Add.1

58. The issue of how to address allegations of misconduct against the head of the Organization continues to be discussed by the OAC, and the Committee reiterates its interest in FAO's furthering discussion within the UN system on this matter.

Risk-based audit assurance

59. The Committee regularly assesses OIG's risk-based planning methodology. The risk-based approach helps to ensure that OIG's assurance and advice are focused on important areas of the Organization on a systematic basis. The Committee found this was evidenced by the topics and work performed out by OIG during the year.

60. The Committee reviewed and supported the repurposed OIG workplan necessary to adapt to the suspension of audit missions as a result of the COVID-19 pandemic, as well as to avoid overlap with the workplan of the External Auditor. It welcomed that by the end of 2020, OIG had completed 23 audit assignments (compared to 20 in 2019) and achieved a substantial part of its planned audit coverage.¹³

Investigative functions

61. The Committee appreciated the efforts made by the Investigation Unit in 2020 in managing its increasing complaints and caseload within the available resources. In reviewing the issue of adequate resources in the investigation area, it took note that OIG's benchmarking analysis in this regard indicated FAO being below the recommended benchmark.

62. The Committee appreciated the good cooperation in the area of IT forensics investigation with other UN agencies.

OIG staffing and budget

63. The Committee supported the initiatives and actions taken by OIG in promoting its effectiveness and efficiency through centralizing the internal audit function by moving all positions to headquarters to gain flexibility in allocating staff according to work demands for high-risk audit entities.

64. The Committee appreciates the Director-General's commitment to ensuring adequate financial support to OIG as necessary, and welcomes continued collaboration with OSP on the matter of resources in order to identify sustainable solutions for 2021 and beyond.

VIII. Status of implementation of the Committee's past recommendations

65. Following guidance by the Oversight Advisory Committee at its 56th meeting, the November 2020 status of implementation of OAC recommendations¹⁴ was reviewed and streamlined. The result of this exercise is presented in *Table 2*, with further details provided in *Annex 2*.

Table 2: Status of implementation of Oversight Advisory Committee recommendations at 31 December 2020

| Year | Active recommendations ⁽ⁱ⁾ |
|--|---------------------------------------|
| 2019 | 1 |
| 2020-2021 | 18 |
| Total recommendations | 19 |
| ⁽ⁱ⁾ Validated by the OAC in February 2021 | |

¹³ FC 185/13.1 and FC 185/13.2) 2020 Annual Report of the Inspector General

¹⁴ FC 183/8.2 Progress Report on Implementation of Recommendations of the FAO Oversight Advisory Committee, Table 1

Annex 1: Composition of the Committee in 2020

The Committee is composed of five members. The Committee's composition in 2020 was as follows:

| Oversight Advisory Committee 2020 | Members |
|--|--|
| Mr Verasak Liengsriwat | Chairperson (from July 2019 to February 2020) |
| Ms Eney Quinones | Vice-Chairperson (from July 2019 to February 2020) |
| Mr Gianfranco Cariola | |
| Ms Anjana Das | |
| Mr Fayezul Choudhury | |
| Mr Fayezul Choudhury | Chairperson (from July 2020) |
| Ms Anjana Das | Vice-Chairperson (from July 2020) |
| Mr Gianfranco Cariola | Member (since December 2017, renewed in December 2020) |
| Ms Malika Aït-Mohamed Parent | Member since 1 July 2020 |
| Ms Hilary Wild | Member since 1 July 2020 |
| Secretary ex-officio | |
| Ms. Beth Crawford Director, Office of Strategy, Planning and Resources Management | |

Annex 2: Status of implementation of Oversight Advisory Committee recommendations¹⁵

| INTERNAL CONTROL, RISK MANAGEMENT, AND OVERSIGHT MECHANISMS | | |
|---|--|---|
| 1. | OAC 56 18-20 November 2020 | OAC: Suggested establishment of internal “Risk Committee”. <i>FAO progress:</i> Ongoing. |
| 2. | OAC 56 18-20 November 2020 | OAC: Suggested alignment of internal control framework to new Organizational structure. FAO progress: Ongoing. |
| 3. | OAC 56 18-20 November 2020 | OAC: Requested a corporate analysis of risks and unknown variables in the new Strategic Framework. <i>FAO progress:</i> Ongoing. |
| 4. | AC 54 24-25 February 2020 | OAC: Agreed to further review ERM following issuance of the JIU report on ERM. <i>FAO progress:</i> Ongoing. |
| 5. | AC 54 24-25 February 2020 | OAC: Suggested all inputs from the internal control questionnaires at corporate, country offices and regional offices be consolidated to guide FAO’s next steps, and recommended to adapt guidance according to the issues that have arisen to be targeted in the next exercise. <i>FAO progress:</i> Ongoing. |
| 6. | AC 53 25-26 November 2019 AC 52 17-18 July 2019 | OAC: Agreed on the need to identify the top organizational also drawing on conclusions of the JIU study on ERM and update FAO’s corporate risk log. Recommended the addition of a dedicated risk strictly related to financial integrity, i.e. bribery, fraud, legitimacy of purpose, independent oversight, as well as assets management in the corporate risk log. <i>FAO progress:</i> Ongoing. |
| FRAUD PREVENTION | | |
| 7. | OAC 56 18-20 November 2020 | OAC: Recommended to include SDG 16.5 on justice in FAO’s fraud prevention dashboard and in Strategic Framework. |
| INTERNAL AUDIT AND INVESTIGATIONS | | |
| 8. | OAC 56 18-20 November 2020 | OAC: Recommended OIG review outstanding audit recommendations for continued relevance. <i>FAO progress:</i> Ongoing. |
| 9. | OAC 55 27-29 July 2020 | OAC: Appreciated the Director-General’s commitment to facilitate sufficient resources on an ‘as-needed basis,’ while noting the shortfall in the investigation function would need a longer-term more sustainable solution. <i>FAO progress:</i> Ongoing. |
| 10. | OAC 55 27-29 July 2020 | OAC: Recommended continued attention by FAO on developments within the UN system concerning the provisions for a process and modalities for allegations of misconduct against a Director-General. <i>FAO progress:</i> Ongoing coordination, under LEG leadership, with the UN system. |
| 11. | AC 54 24-25 February 2020 | OAC: Expressed concern on the results of recent audit reports, in particular the five audit reports on the project cycle and urged to implement corrective action and avoid risks for the Organization’s ability to attract financial resources and assure donors of the Organization’s transparency. <i>FAO progress:</i> Ongoing. |
| 12. | AC 54 24-25 February 2020 | OAC: Noted several audit reports presented a number of commonalities and similar problems and recommended that OIG make a presentation to senior managers, preferably biannually, on unsatisfactory audit reports, as a lessons learning process, especially for audit reports that are rated unsatisfactory. <i>FAO progress:</i> To start in 2021. |

¹⁵ Recommendations formulated during the 56th meeting of the OAC (November 2020) were validated by the Committee at its 57th meeting (February 2021).

| EXTERNAL AUDIT, FINANCIAL MANAGEMENT AND REPORTING | | |
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| 13. | OAC 56.II 5 January 2021 | OAC: The Committee held a dedicated session on external audit matters in January 2021 where it reviewed and provided comments on its workplan. |
| ETHICS AND OMBUDSMAN FUNCTIONS | | |
| 14. | OAC 55 27-29 July 2020 | OAC: Recommended the Ethics Office assume the responsibility for management of the gifts policy. <i>FAO progress:</i> Ongoing review of the policy. |
| 15. | AC 54 24-25 February 2020 | OAC: The Committee requested to conduct a survey on satisfaction with the Ethics Office two years after its full establishment (2022). <i>FAO progress:</i> Planned for 2022. |
| HUMAN RESOURCES | | |
| 16. | OAC 56 18-20 November 2020 | OAC: The Committee observed that the HR Strategic Plan 2020-2021 might be overambitious and looks forward to reviewing progress on its implementation. |
| PREVENTION OF SEXUAL HARASSMENT, SEXUAL EXPLOITATION AND ABUSE | | |
| 17. | OAC 56 18-20 November 2020 | OAC: The Committee appreciated the efforts in improving FAO's corporate policies, processes and measures on the prevention of harassment, sexual harassment, sexual exploitation and authority abuse, and agreed to further review coordination of activities and accountability within FAO in this regard. |
| CORPORATE LOGISTICS AND OPERATIONAL SUPPORT | | |
| 18. | OAC 56 18-20 November 2020 | OAC: The Committee expressed concern with the delay in the application of sanctions to vendors following issuance of OIG reports and agreed to have an in-depth review of vendor sanctioning and the role of the Vendor Sanction Committee in 2021. |
| DIGITAL INNOVATION AND CYBERSECURITY | | |
| 19. | OAC 56.III 1 February 2021 | OAC: The Committee noted the need for comprehensive review of FAO's IT governance, systems' vulnerability, risks and mitigation plans, and held a dedicated session on the review of ICT matters in February 2021. |